



January 5, 2021

## FUSCO FINANCIAL ASSOCIATES

Market Commentary

To Our Valued Clients,

I hope that you all have had a wonderful, safe, and healthy holiday season. As upheaval caused by the pandemic still subsists, the holidays have taken on a new look and feel in 2020, but there is reason to be optimistic that 2021 will bring some much needed relief and return to some sort of normalcy. All of us at Fusco Financial wish you nothing but the very best for the New Year.

The equity markets are looking to end the year on a strong note, and may have gotten just the news they were looking for as a late Christmas gift delivered on Sunday afternoon, when Congress' most recent virus relief package was signed by the President. There had been some doubts over whether or not the bill would be signed into law, but in the end the bipartisan \$900 billion plan was approved, as was the \$1.4 trillion omnibus package that will keep the government funded through the end of the fiscal year, thus averting a shutdown. The aid package will restore unemployment benefits for millions of Americans, provides a new round of PPP loans for small businesses, and approves \$600 checks for many Americans.

This development has prompted many to surmise that we will see a "Santa Claus Rally" in 2020, which will add to already good returns for the year. The term Santa Claus Rally is somewhat misunderstood, though. Discovered in 1972, the real Santa Claus Rally is the final five trading days of the year and first two trading days of the following year, not just December. This means that the official Santa Claus Rally began on Thursday, December 24<sup>th</sup>, and will continue until January 5<sup>th</sup>. So how much can you depend on Santa Claus for help this year? Well, none of these so-called market truisms are actual science, so any of them should be viewed with skepticism, but there is some historical data to back up the Santa Claus Rally claim. Specifically, since 1950, these seven trading days are up an average of 1.33%<sup>1</sup>, which is the second-best seven-day combo of the year. We don't know yet

if the end of 2020, and early 2021, will bring another round of good holiday cheer, but it can't be bad to have Santa Claus in your corner.

Again, we hope you've had a great holiday and wish you a Happy New Year. As always, if you have any questions, or if we can help in any way, please don't hesitate to give our office a call.

With My Best Regards,



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<sup>[1]</sup> Source: Factset 12/22/2020.

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